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GOVERNOR ANNOUNCES INTERIM PACT WITH SHINNECOCK NATION
Sixth Indian Nation Signs Agreement With State

Governor George E. Pataki today said the State has reached an interim agreement with the Shinnecock Nation on Long Island, the sixth Indian Nation to sign the 30-day pacts that establish the framework for long-term sales tax compacts.

Governor Pataki also said he has directed his staff to reach out again this morning to the three remaining Nations, the Seneca, Mohawk and Poospatuck, in an effort to reach agreements that bringing fairness to New York State taxpayers while maintaining the sovereignty of the Nations.

"We have now reached agreements with six Nations, demonstrating the diplomacy is the best route to settling these long-standing issues," Governor Pataki said. "I will continue to keep our door open to the remaining three Nations in a good-faith effort to negotiate agreements. But we must also move forward with the implementation of our regulations in order to meet our obligations to the taxpayers of New York State."

The agreement with the Shinnecock is similar to the pact reached with the federally-recognized Onondaga, Tuscarora, Tonawanda Seneca and Cayuga Indian Nations. The State also has reached an interim agreement with the Oneida.

The pact sunsets at the end of 30 days and implementation of regulations for the collection of sales tax will begin absent of signed long-term agreements.

The interim agreements call for the Shinnecock Nations to increase its selling price for cigarettes to reasonably acceptable levels on Tuesday as the first step toward achieving an acceptable level of parity by the end of the 30 days.

The Shinnecock also have agreed not to sell motor fuel, but will join the other Nations in negotiating separately with the Independent Producers of Petroleum to obtain tribal pumps at off-reservation gas stations close to their reservations for tax-free sales of motor fuel to Indian Nation members.

The agreement does not call for direct payments to the State from the Nations, though State revenue is expected to increase as a result of the Shinnecock's decision not to sell motor fuel -- meaning that business will go to non-Indian stations.

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In addition, the agreement to increase cigarette prices will result in more off-reservation sales by lessening the incentive to travel to reservation stores. Final figures cannot be determined until final agreements are in place.

As part of the interim agreements, the Indian Nations have agreed not to sell cigarettes through the Internet or through the mail using common carriers.

The Nations will begin putting in place their own licensing procedures for manufacturers, transporters, wholesalers and Indian retailers who manufacture, transport, wholesale or sell cigarettes, gasoline and diesel fuel.

The agreements also provide for the Nations to start the contracting process with a stamping company for the design and manufacture of their own cigarette stamp, which will be placed on cartons and packs of cigarettes. The process is expected to be completed in four to six weeks.

All Nations will share information with the State regarding who has authorization to manufacture, transport, wholesale and retail cigarettes.

The Nations will inform the State when any license is revoked, while also providing reports twice a month to the State on the distribution of cigarettes within their reservations.

A compliance team consisting of one member from each Nation and one member from the State will be created to ensure compliance with the parity section of the agreement. The team will issue reports to the Nations and the State.

Each Nation will conduct hearings of any alleged violations and determine whether penalties should be assessed, including the revocation of a license.

Each Nation will make good faith efforts to enforce their agreement within the boundaries of their reservations, including the seizure of any unlicensed products. The State will seize any unlicensed products off reservations.

Governor Pataki said the State will move forward with the implementation of sales tax regulations for those Nations that do not have agreements in place. However, the Governor said the administration will continue to negotiate with those Nations.

"We must ensure that New York taxpayers and businesses that have suffered for years because of the competitive advantage the Indian businesses have enjoyed are treated fairly, while respecting the sovereignty of the Indian Nations," Governor Pataki said.

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